

SHB 3222 - H AMD 826

By Representative Pettigrew

ADOPTED 02/11/2006

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. 2001 2nd sp.s. c 18 s 1 (uncodified) is amended to read
4 as follows:

5 It is the intent of the legislature to provide tax exemptions to
6 assist dairy farmers to comply with the dairy nutrient management act,
7 chapter 90.64 RCW, to encourage owners of nondairy animal feeding
8 operations to develop and implement approved nutrient management plans,
9 and to assist public or private entities to establish and operate
10 anaerobic digesters to treat ((dairy)) livestock nutrients on a
11 regional or on-farm basis.

12 **Sec. 2.** RCW 82.08.890 and 2001 2nd sp.s. c 18 s 2 are each amended
13 to read as follows:

14 (1) The tax levied by RCW 82.08.020 does not apply to sales to
15 eligible persons of services rendered in respect to operating,
16 repairing, cleaning, altering, or improving of ((dairy)) livestock
17 nutrient management equipment and facilities, or to sales of tangible
18 personal property that becomes an ingredient or component of the
19 equipment and facilities.

20 (2)(a) To be eligible, the equipment and facilities must be used
21 exclusively for activities necessary to maintain a ((dairy)) livestock
22 nutrient management plan ~~((as required under chapter 90.64 RCW.~~
23 ~~This)).~~

24 (b) The exemption applies to sales made after the ((dairy))
25 livestock nutrient management plan is: (i) Certified under chapter
26 90.64 RCW; (ii) approved as part of the permit issued under chapter
27 90.48 RCW; or (iii) approved as required under subsection (4)(c)(iii)
28 of this section.

1 ~~((+2))~~ (3)(a) The department of revenue must provide an exemption
2 certificate to an eligible person upon application by that person. The
3 department of agriculture must provide a list of eligible persons, as
4 defined in subsection (4)(c)(i) and (ii) of this section, to the
5 department of revenue. Conservation districts must maintain lists of
6 eligible persons as defined in subsection (4)(c)(iii) of this section
7 to allow the department of revenue to verify eligibility. The
8 application must be in a form and manner prescribed by the department
9 and must contain information regarding the location of the dairy or
10 animal feeding operation and other information the department may
11 require.

12 (b) A person claiming an exemption under this section must keep
13 records necessary for the department to verify eligibility under this
14 section. The exemption is available only when the buyer provides the
15 seller with an exemption certificate in a form and manner prescribed by
16 the department. The seller must retain a copy of the certificate for
17 the seller's files.

18 ~~((+3))~~ (4) The definitions in this subsection apply to this
19 section and RCW 82.12.890 unless the context clearly requires
20 otherwise:

21 (a) (~~"Dairy nutrient management equipment and facilities" means~~
22 ~~machinery, equipment, and structures used in the handling and treatment~~
23 ~~of dairy manure, such as aerators, agitators, alley scrapers, augers,~~
24 ~~dams, gutter cleaners, loaders, lagoons, pipes, pumps, separators, and~~
25 ~~tanks. The term also includes tangible personal property that becomes~~
26 ~~an ingredient or component of the equipment and facilities, including~~
27 ~~repair and replacement parts)) "Animal feeding operation" means a lot
28 or facility, other than an aquatic animal production facility, where
29 the following conditions are met:~~

30 (i) Animals, other than aquatic animals, have been, are, or will be
31 stabled or confined and fed or maintained for a total of forty-five
32 days or more in any twelve-month period; and

33 (ii) Crops, vegetation, forage growth, or postharvest residues are
34 not sustained in the normal growing season over any portion of the lot
35 or facility.

36 (b) "Conservation district" means a subdivision of state government
37 organized under chapter 89.08 RCW.

1 ~~((b))~~ (c) "Eligible person" means a person (i) licensed to
2 produce milk under chapter 15.36 RCW who has a certified dairy nutrient
3 management plan (~~by December 31, 2003~~), as required by chapter 90.64
4 RCW; (ii) who owns an animal feeding operation and has a permit issued
5 under chapter 90.48 RCW; or (iii) who owns an animal feeding operation
6 and has a nutrient management plan approved by a conservation district
7 as meeting natural resource conservation service field office technical
8 guide standards.

9 (d) "Livestock nutrient management equipment and facilities" means
10 machinery, equipment, and structures used in the handling and treatment
11 of livestock manure, such as aerators, agitators, alley scrapers,
12 augers, dams, gutter cleaners, loaders, lagoons, pipes, pumps,
13 separators, and tanks. The term also includes tangible personal
14 property that becomes an ingredient or component of the equipment and
15 facilities, including repair and replacement parts.

16 (e) "Permit" means either a state waste discharge permit or a
17 national pollutant discharge elimination system permit, or both.

18 **Sec. 3.** RCW 82.12.890 and 2003 c 5 s 15 are each amended to read
19 as follows:

20 (1) The provisions of this chapter do not apply with respect to the
21 use by an eligible person of tangible personal property that becomes an
22 ingredient or component of (~~dairy~~) livestock nutrient management
23 equipment and facilities, as defined in RCW 82.08.890, or to labor and
24 services rendered in respect to repairing, cleaning, altering, or
25 improving eligible tangible personal property.

26 (2)(a) To be eligible, the equipment and facilities must be used
27 exclusively for activities necessary to maintain a (~~dairy~~) livestock
28 nutrient management plan (~~as required under chapter 90.64 RCW.~~
29 This)).

30 (b) The exemption applies to the use of tangible personal property
31 or labor and services made after the (~~dairy~~) livestock nutrient
32 management plan is: (i) Certified under chapter 90.64 RCW; (ii)
33 approved as part of the permit issued under chapter 90.48 RCW; or (iii)
34 approved as required under RCW 82.08.890(4)(c)(iii).

35 (3) The exemption certificate and recordkeeping requirements of RCW
36 82.08.890 apply to this section. The definitions in RCW 82.08.890
37 apply to this section.

1 **Sec. 4.** RCW 82.08.900 and 2001 2nd sp.s. c 18 s 4 are each amended
2 to read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to sales to an
4 eligible person establishing or operating an anaerobic digester or to
5 services rendered in respect to installing, constructing, repairing,
6 cleaning, altering, or improving an anaerobic digester, or to sales of
7 tangible personal property that becomes an ingredient or component of
8 the anaerobic digester. The anaerobic digester must be used primarily
9 to treat ((dairy)) livestock manure.

10 (2)(a) The department of revenue must provide an exemption
11 certificate to an eligible person upon application by that person. The
12 application must be in a form and manner prescribed by the department
13 and must contain information regarding the location of the facility and
14 other information as the department may require.

15 (b) A person claiming an exemption under this section must keep
16 records necessary for the department to verify eligibility under this
17 section. The exemption is available only when the buyer provides the
18 seller with an exemption certificate in a form and manner prescribed by
19 the department. The seller must retain a copy of the certificate for
20 the seller's files.

21 (3) The definitions in this subsection apply to this section and
22 RCW 82.12.900 unless the context clearly requires otherwise:

23 (a) "Anaerobic digester" means a facility that processes manure
24 from ((cattle)) livestock into biogas and dried manure using
25 microorganisms in a decomposition process within a closed, oxygen-free
26 container.

27 (b) "Eligible person" means any person establishing or operating an
28 anaerobic digester to treat primarily ((dairy)) livestock manure.

29 (c) "Primarily" means more than fifty percent measured by volume or
30 weight.

31 **Sec. 5.** RCW 82.12.900 and 2003 c 5 s 16 are each amended to read
32 as follows:

33 The provisions of this chapter do not apply with respect to the use
34 of anaerobic digesters, tangible personal property that becomes an
35 ingredient or component of anaerobic digesters, or the use of services
36 rendered in respect to installing, repairing, cleaning, altering, or
37 improving eligible tangible personal property by an eligible person

1 establishing or operating an anaerobic digester, as defined in RCW
2 82.08.900. The anaerobic digester must be used primarily to treat
3 ((dairy)) livestock manure.

4 NEW SECTION. **Sec. 6.** The conservation commission shall compile
5 the following information on nutrient management plans written and
6 approved by conservation districts for animal feeding operations during
7 the 2005-2007 biennium: (1) The number of requests received to write
8 or approve plans; (2) the number of plans completed and approved; (3)
9 the total costs of writing and approving the plans, and the funding
10 sources used; and (4) the relationship, if any, between the tax
11 exemptions provided in this act and the number of plans written and
12 approved. In its report, the commission shall compare the totals under
13 subsections (1) through (3) of this section to the totals in the
14 previous biennium. The conservation commission shall report this
15 information to the appropriate committees of the legislature by
16 December 1, 2007.

17 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2006."

18 Correct the title.

EFFECT: Modifies the existing exemptions for nutrient management
plan equipment and anaerobic digesters instead of creating a new
remittance program. Makes all animal feeding operations eligible for
the exemption on nutrient management plan facilities, if the
operation's plan is first approved by a conservation district.
Requires the Conservation Commission to report to the Legislature by
December 2007 on the use of plans and the exemption by animal feeding
operations.

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